THE REPUBLICAN STUDY COMMITTEE

Repeal Task Force

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Repeal EU Bailout Assistance to the International Monetary Fund

December 7, 2011

Background: On June 23rd, 2011, Congressman Cathy McMorris Rodgers (R-WA) introduced H.R. 2313, to repeal the $8 Billion increased quota and the $100 Billion line of credit to the International Monetary Fund. The IMF, which was created in 1945, was intended to stabilize global markets. It was not, however, designed with the ability to handle the current European financial crisis. Given that Europe still has a lot of money and no balance of payment problems, European financial institutions must make the necessary adjustments to address this current crisis.

Since the European debt crisis began in early 2010, the IMF has committed over $353 billion to bailing out European governments, although much of that money has not yet been dispensed. It is clear that the Obama Administration will continue to make taxpayer dollars available for future bailouts. Earlier this year, the European Union (EU) and the IMF quietly approved a $157 billion bailout of Greece. Not long after, the EU and IMF joined forces again to launch a $1 trillion bailout fund for the entire European Union. Moreover, the IMF is not subject to the oversight of the annual Congressional appropriations process, thereby lacking accountability and transparency.

What We Know:

- **What the Bill Will Do:** Rescind the additional funding for the IMF, requested and received by the Administration in 2009. It will transfer these funds to the Treasury to be used solely for deficit reduction rather than for international bailout attempts. In addition, H.R. 2313 will repeal the increase in the United States quota in that Fund, and will rescind related appropriations.
- **How Much this Will Save:** $108 billion.
- **Why this is Wasteful:** The European debt crisis was caused by too much spending and borrowing. In fact, less than a handful of European Union members even meet their own membership requirements that countries have deficits of less than 3 percent of GDP and a public debt of less than 60 percent. This crisis will not be solved by more spending and borrowing. A ‘Euro-TARP’ is the wrong approach. American taxpayers should not have to worry about their hard-earned tax dollars being used to rescue a foreign government when we cannot get our own fiscal house in order.
- **Government Gone Wild:** The attempt to utilize the IMF to solve Europe’s problems would not be effective, meaning that our contributions would amount to another unsuccessful bailout. With our national debt having passed annual GDP this year, now is not the time to bail out other countries from their own self-imposed economic problems. Furthermore, there is no serious indication that U.S. tax dollars intended for the IMF would be used efficiently or successfully.

Conclusion: Our $108 billion would be better spent by beginning to pay off our own debt, particularly during a year in which the federal government is running another deficit.

MEMBER ACTION ITEM: All RSC Members are encouraged to support H.R. 2313. Please contact Kimberly Betz with Rep. McMorris Rodgers at Kimberly.Betz@mail.house.gov to cosponsor this legislation.

If you would like to participate in the RSC Repeal Task Force, please email Rick.Eberstadt@mail.house.gov.

“The RSC Repeal Task Force’s mission is to put our nation onto a path of greater economic freedom by eliminating U.S. federal laws and regulations that impede or inhibit economic growth, prosperity and opportunity.”